

# INVESTOR PRESENTATION



Q4 2013



**CHARTwell**  
retirement residences

making people's  
lives **BETTER**

# Cautionary Statements



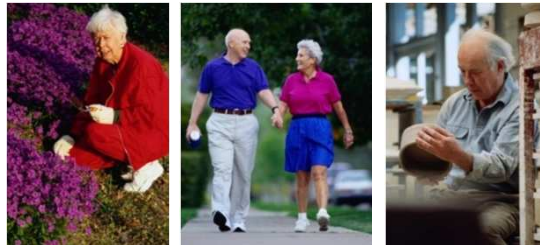
*This presentation contains forward-looking information that reflects the current expectations, estimates and projections of management about the future results, performance, achievements, prospects or opportunities for Chartwell and the seniors housing industry. The words “plans”, “expects”, “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “intends”, “anticipates”, “does not anticipate”, “projects”, “believes” or variations of such words and phrases or statements to the effect that certain actions, events or results “may”, “will”, “could”, “would”, “might”, “occur”, “be achieved” or “continue” and similar expressions identify forward-looking statements. Forward-looking statements are based upon a number of assumptions and are subject to a number of known and unknown risks and uncertainties, many of which are beyond our control, and that could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking statements.*

*While we anticipate that subsequent events and developments may cause our views to change, we do not intend to update this forward-looking information, except as required by applicable securities laws. This forward-looking information represents our views as of the date of this presentation and such information should not be relied upon as representing our views as of any date subsequent to the date of this document. We have attempted to identify important factors that could cause actual results, performance or achievements to vary from those current expectations or estimates expressed or implied by the forward-looking information. However, there may be other factors that cause results, performance or achievements not to be as expected or estimated and that could cause actual results, performance or achievements to differ materially from current expectations. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those expected or estimated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. These factors are not intended to represent a complete list of the factors that could affect us. See “Risks and Uncertainties” in our 2013 MD&A and risk factors highlighted in materials filed with the securities regulatory authorities in Canada from time to time, including but not limited to our most recent Annual Information Form.*

## Non-IFRS Measures

*In this presentation we use a number of key performance indicators such as Funds from Operations (“FFO”), Adjusted Funds from Operations (“AFFO”), Net Operating Income (“NOI”), “Same Property NOI”, “Same Property Revenue”, “Same Property Direct Operating Expenses”, General, Administrative and Trust (“G&A”) Expenses as a percentage of Revenue, “Interest Coverage Ratio”, “Indebtedness Ratio”, “Net Debt to Adjusted EBITDA Ratio” and others. These key performance indicators do not have any standardized meaning prescribed by International Financial Reporting Standards (“IFRS”) and therefore are unlikely to be comparable to similar measures presented by other trusts or other companies. Chartwell monitors its operations on a line-by-line consolidated basis and as such, includes its share of amounts from joint ventures. Detailed descriptions of these non-IFRS measures are contained in Chartwell’s 2013 MD&A, available at [sedar.com](http://sedar.com).*

# Why Chartwell?



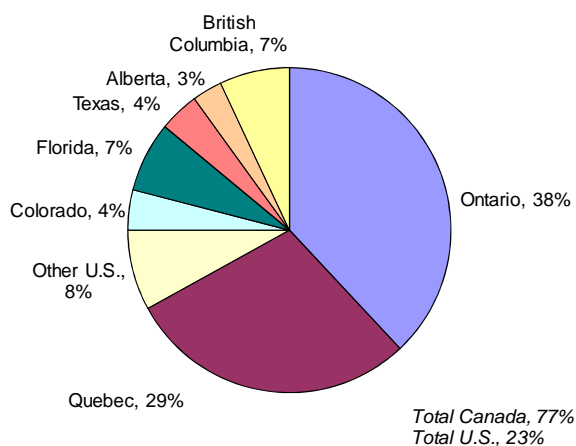
1. Unmatched national operating platform
2. Well-located and maintained real estate portfolio
3. Significant long-term growth potential
  - Demographic trends = more demand
  - Government fiscal constraints = more private pay demand
  - Fragmented industry = consolidation opportunities
4. Strong earnings growth potential
  - 1% growth in occupancy or rate = 3 cents growth in AFFO
5. Improving financial position and lower interest costs on refinancing = reduced portfolio risk



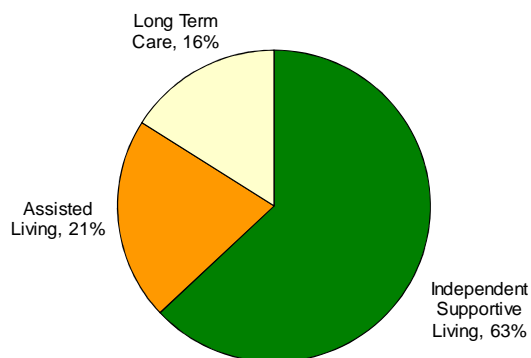
# Profile



## Geographically Diversified



## Serving Full Continuum of Care



- Focus on growth in Canada
- Narrowing U.S. holdings to Florida, Texas and Colorado

# of Suites Owned, Leased and Managed	# of Trust Units (000s)	Market Cap (\$ billions)	Revenue (\$ millions)	Adjusted EBITDA (\$ millions)
As at December 31, 2013			12 months ended December 31, 2013	
31,489	175,803 <sup>(1)</sup>	\$1.8 <sup>(2)</sup>	\$934.8	\$256.9

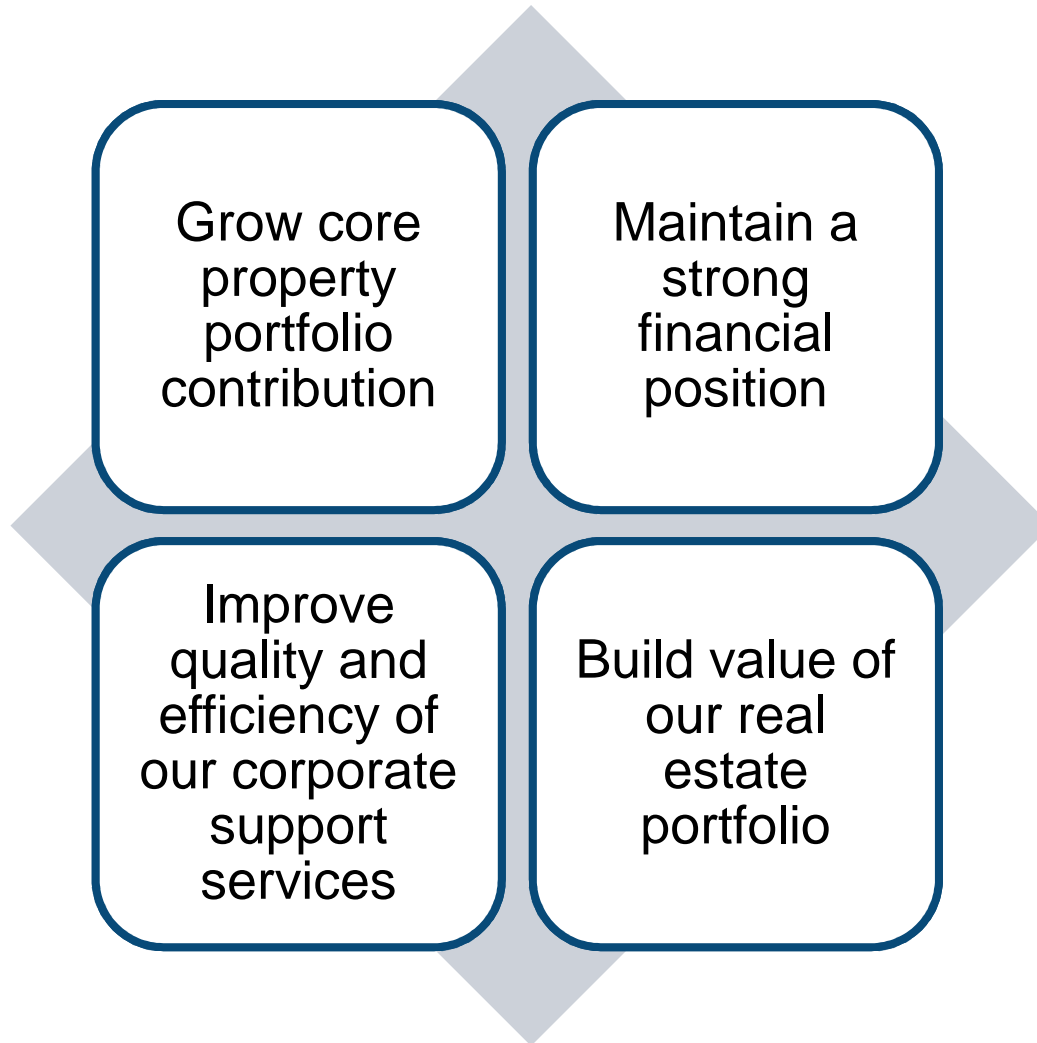
(1) Includes Trust Units, Class B Units, Deferred Trust Units, Trust Units issued under LTIP

(2) December 31, 2013 closing price was \$9.99

# Building Sustainable Value



## Strategic Priorities



# Building Sustainable Value



## Grow core property portfolio contribution

### Maintain and grow occupancy

- **Quality resident care and services**  
54% very satisfied residents in 2013, 52% in 2012
- **Branding**  
Making People's Lives Better
- **Sales**  
Improved training programs  
Performance-based compensation
- **Knowing our customer**

### Grow revenue

- **Occupancy**
- **Ancillary services program**
- **Rate management and suite turnover**

### Control costs

- **Labour relations**
- **Centralized purchasing**
- **Energy management**

↑ 2.6 %  
in 2013 \*

↑ 2.9 %  
in 2013 \*

NOI ↑ 1.9% in 2013 \*

\* Same property for the year ended December 31, 2013 compared to the same period of 2012.

# Building Sustainable Value



## Maintain a strong financial position

	2013	2012
Net debt to adjusted EBITDA ratio <sup>(1)</sup>	8.6	8.7
Interest coverage ratio <sup>(2)</sup>	2.16	2.03
Indebtedness ratio <sup>(3)</sup>	56.6%	57.9%
Weighted average interest rate <sup>(4)</sup>	5.02%	5.23%
Average term to maturity <sup>(4)</sup>	6.7 yrs	6.0 yrs

*(1) Based on December 31, 2013 and 2012 Net Debt balances and Adjusted EBITDA for the 12-month periods ended December 31, 2013 and 2012*

*(2) For the years ended December 31, 2013 and 2012*

*(3) As at December 31, 2013 and December 31, 2012, including convertible debentures*

*(4) Mortgage portfolio as at December 31, 2013 and 2012*

- Early mortgage refinancing program generates interest savings and extends maturities.

# Building Sustainable Value



## Improve quality and efficiency of our corporate support services

Continuing investments in IT initiatives

2011 – Operating budgeting system  
2012 – Consolidation and reporting system  
2013 – Core financial system  
2013 – Prospect management system  
2013 – Standardized IT infrastructure rollout  
2013 – Capital budget system  
2014 – Procurement and payment system  
2014 – Fixed assets management system  
2015 – Care assessment and billing system  
2015 – Human resource management system

Online presence strategy

Blog  
Website  
Social Media  
Search Engine Optimization and Search Engine Marketing





# Building Sustainable Value



## Build value of our real estate portfolio

Acquired four newer residences (483 suites) in Quebec and British Columbia for \$67.5 million



Acquired the remaining 66.7% interest in one property (113 suites) in Ontario for \$21.3 million in January 2014



Completed redevelopment of three long term care residences (235 beds) in Ontario

One development project (119 suites) completed in Q1 2014



Two expansion projects (54 suites) in progress

Sold interests in 12 non-core U.S. properties in 2013 for \$225.9 million



Ongoing asset management programs in Canada and in the U.S.

# Financial Performance



## 2013 Highlights

- Same property NOI up 1.9%
- Same property portfolio occupancies growing to 89.6%

Key Performance Indicators	2013	2012	Increase/ (Decrease)
Average occupancy – same property	89.6%	89.3%	0.3pp
NOI – same property (\$ millions)	\$223.3	\$219.1	\$4.2
AFFO* (\$ millions)	\$119.1	\$111.6	\$7.5
AFFO per unit diluted	\$0.68	\$0.66	\$0.02
Distributions declared as a percentage of AFFO	78.9%	81.3%	(2.4pp)

\* Includes \$2.1 million of negative AFFO incurred on properties in lease-up (\$2.8 million in 2012)

# Financial Performance



## Q4 2013 Highlights

- Same property NOI increased 3.2%
- Same property portfolio occupancy 89.8%

Key Performance Indicators	Q4 2013	Q4 2012	Increase/ (Decrease)
Average occupancy – same property	89.8%	90.1%	(0.3pp)
NOI – same property (\$ millions)	\$56.0	\$54.3	\$1.7
AFFO * (\$ millions)	\$26.6	\$30.1	(\$3.5)
AFFO per unit diluted	\$0.15	\$0.17	(\$0.02)
Distributions declared as a percentage of AFFO	88.6%	77.5%	(11.1pp)

\* Includes \$0.8 million of negative AFFO incurred on properties in lease-up in Q4 2013 (\$0.5 million in Q4 2012)

# Financial Performance

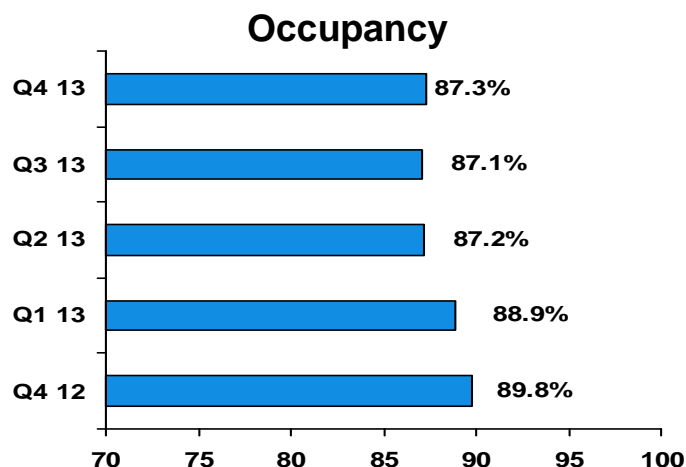


## Ontario retirement platform

	2013	2012	Increase/(Decrease)	
			\$	%
Same property statistics:				
<b>NOI (\$ millions)</b>	\$66.8	\$67.7	(\$0.9)	(1.3%)
<b>Occupancy</b>	87.6%	89.2%	N/A	(1.6pp)

	Q4 2013	Q4 2012	Increase/(Decrease)	
			\$	%
Same property statistics:				
<b>NOI (\$ millions)</b>	\$16.0	\$16.1	(\$0.1)	(0.1%)
<b>Occupancy</b>	87.3%	89.8%	N/A	(2.5pp)

- Higher revenue from additional services
- Continued higher resident turnover rates affected occupancy
- Slower pace of new supply expected to support future occupancy growth



# Financial Performance



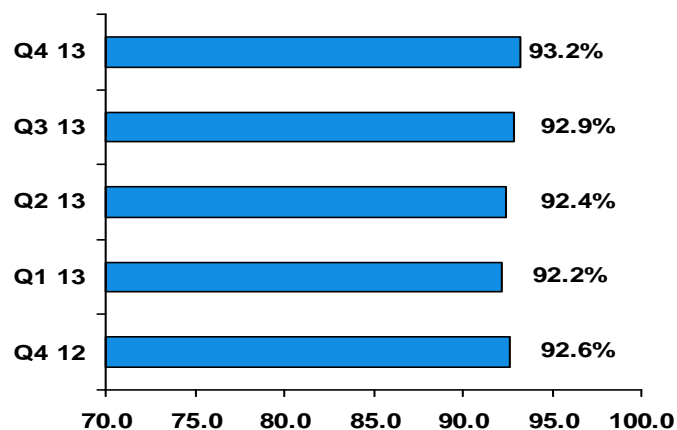
## Western Canada platform

	2013	2012	Increase/(Decrease)	
			\$	%
Same property statistics:				
<b>NOI (\$ millions)</b>	\$32.6	\$30.7	\$1.9	6.2%
<b>Occupancy</b>	92.6%	91.8%	N/A	0.8pp

	Q4 2013	Q4 2012	Increase/(Decrease)	
			\$	%
Same property statistics:				
<b>NOI (\$ millions)</b>	\$8.1	\$7.8	\$0.3	4.1%
<b>Occupancy</b>	93.2%	92.6%	N/A	0.6pp

- Solid NOI growth
- Positive conditions in most of our markets
- Improving occupancy

### Occupancy



# Financial Performance

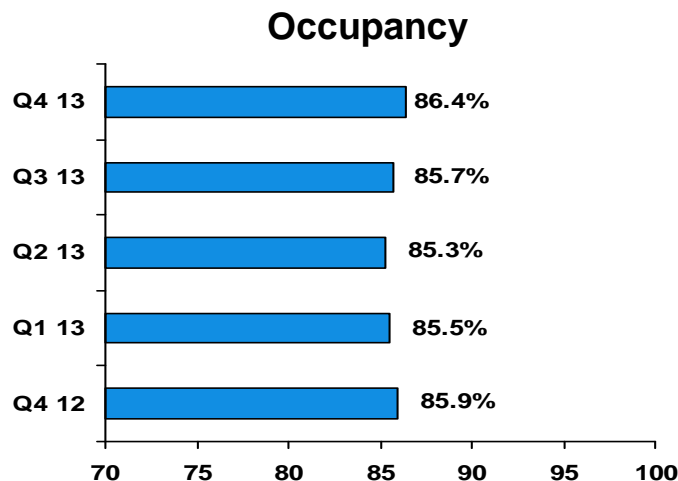


## Quebec platform

	2013	2012	Increase/(Decrease)	
			\$	%
Same property statistics:				
<b>NOI (\$ millions)</b>	\$31.3	\$31.9	(\$0.6)	(1.8%)
<b>Occupancy</b>	85.7%	84.6%	N/A	1.1pp

	Q4 2013	Q4 2012	Increase/(Decrease)	
			\$	%
Same property statistics:				
<b>NOI (\$ millions)</b>	\$8.5	\$7.6	\$0.9	11.7%
<b>Occupancy</b>	86.4%	85.9%	N/A	0.5pp

- Higher cost of regulatory compliance
- Improving occupancy will underpin future NOI growth



# Financial Performance

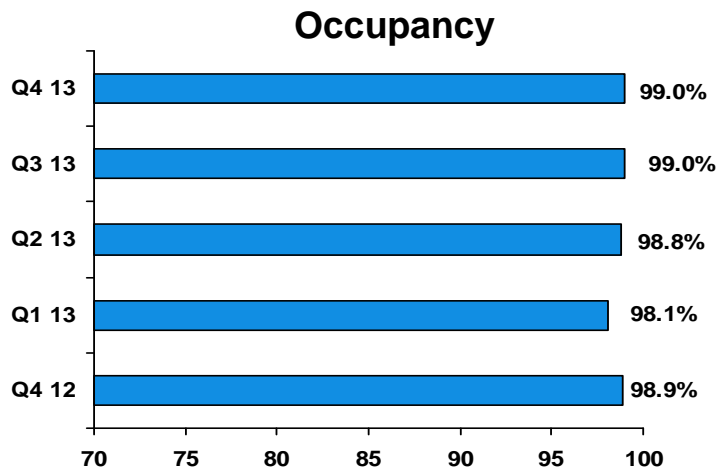


## Ontario LTC platform

	2013	2012	Increase/(Decrease)	
			\$	%
Same property statistics:				
<b>NOI (\$ millions)</b>	\$26.9	\$25.4	\$1.5	5.7%
<b>Occupancy</b>	98.7%	98.5%	N/A	0.2pp

	Q4 2013	Q4 2012	Increase/(Decrease)	
			\$	%
Same property statistics:				
<b>NOI (\$ millions)</b>	\$7.1	\$6.6	\$0.5	8.2%
<b>Occupancy</b>	99.0%	98.9%	N/A	0.1pp

- Increased funding and preferred accommodation rates
- High occupancy
- Disciplined expense management



# Financial Performance



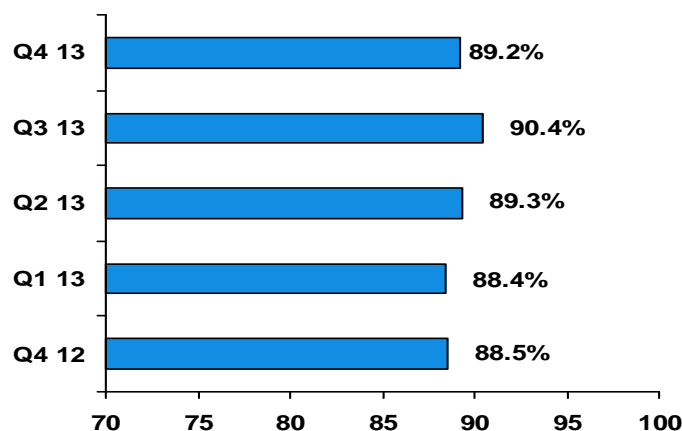
## U.S. platform

	2013	2012	Increase/(Decrease)	
			\$	%
Same property statistics:				
<b>NOI (US \$ millions)</b>	\$65.7	\$63.4	\$2.3	3.6%
<b>Occupancy</b>	88.9%	87.7%	N/A	1.2pp

	Q4 2013	Q4 2012	Increase/(Decrease)	
			\$	%
Same property statistics:				
<b>NOI (US \$ millions)</b>	\$16.2	\$16.2	-	-
<b>Occupancy</b>	89.2%	88.5%	N/A	0.7pp

- Improving occupancy and ancillary revenue growth
- New supply at sustainable levels

### Occupancy

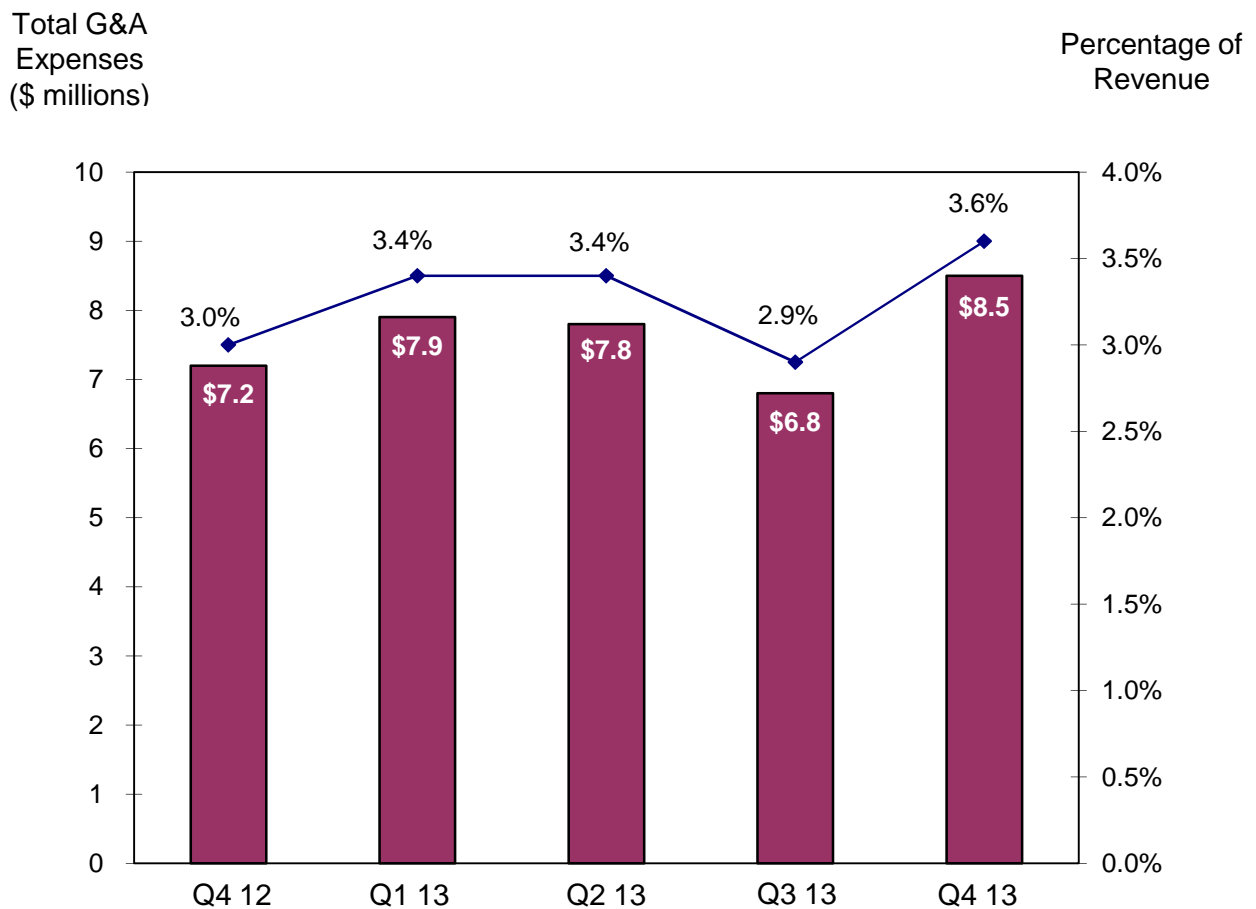




# Financial Performance



## Managing G&A Expenses

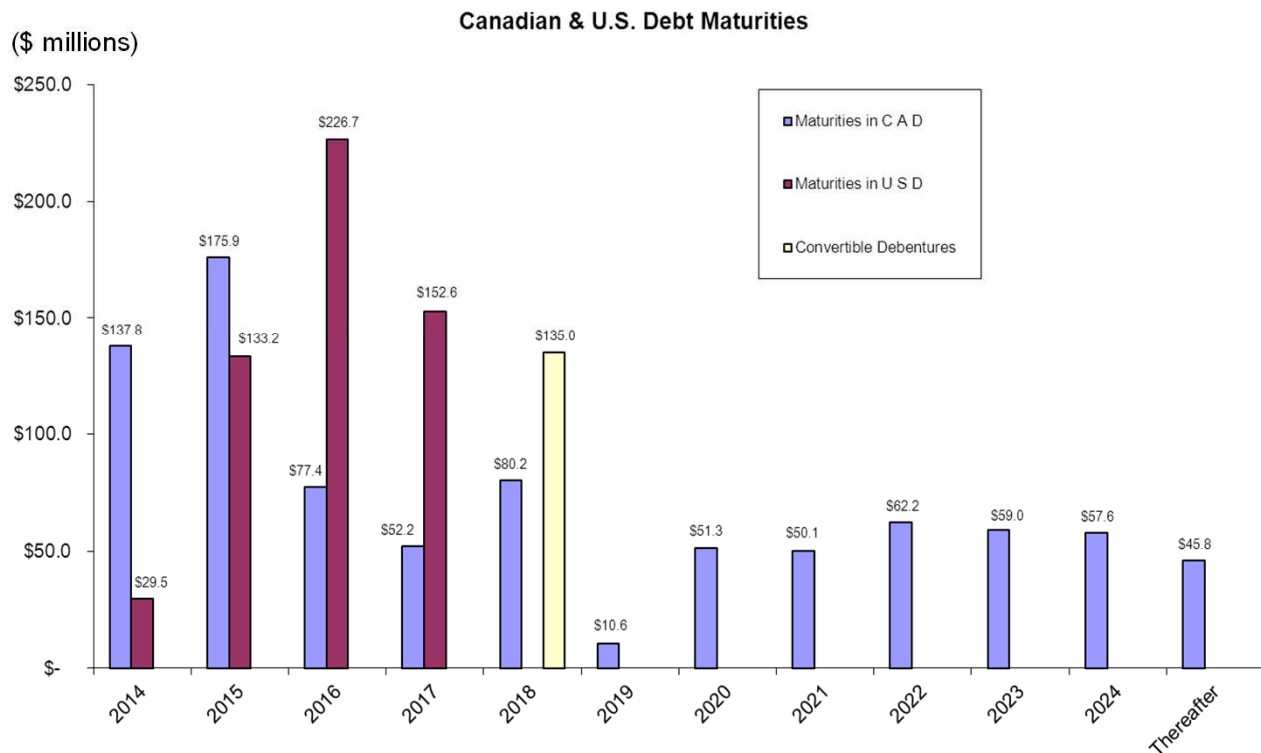


- Costs incurred to support 49.2% growth in our Canadian suites under management since 2011.

# Financial Performance



## Debt Maturities



	At December 31, 2013				At December 31, 2013	
	Canadian Debt		U.S. Debt		Combined	Combined
	Fixed Rate	Variable Rate	Fixed Rate	Variable Rate		
Amount (\$millions)	1,289.7	141.7	578.6	24.3	2,034.3	1,975.6
Weighted average rate	4.73%	4.45%	5.92%	2.57%	5.02%	5.23%
Average term to maturity (years)	9.4	1.0	2.5	0.3	6.7	6.0

- Early refinancing of some 2013 and 2014 maturities with long-term debt generate interest savings and reduce refinancing risks.



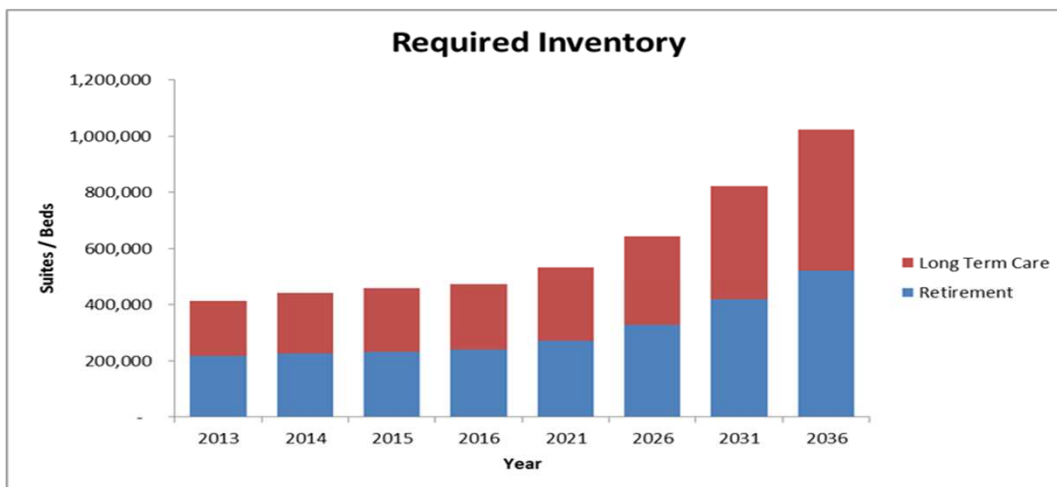
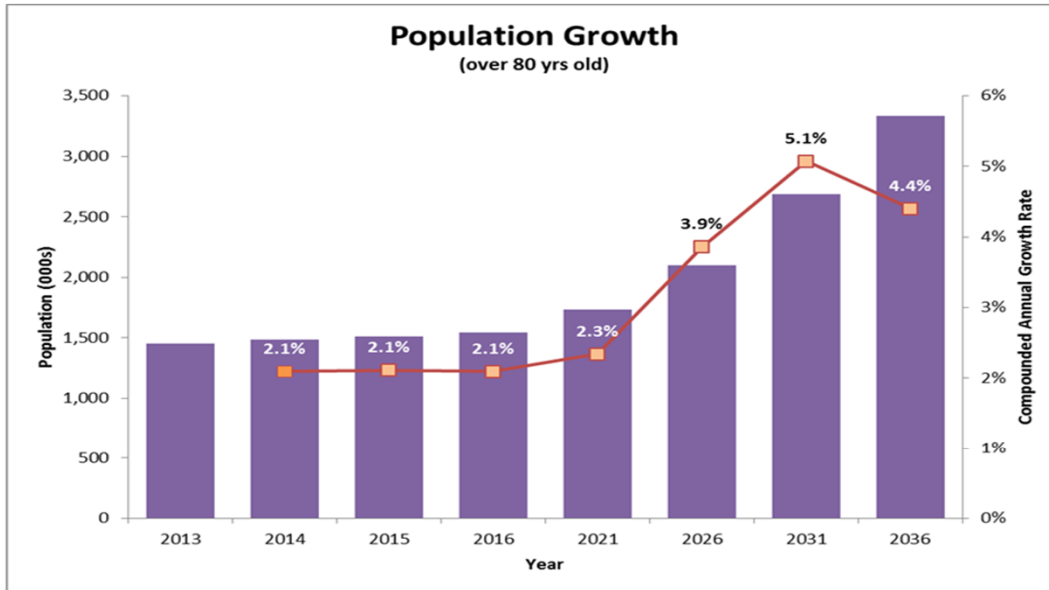
## Strategic Priorities



# Industry Fundamentals



## Significant Future Demand in Canada



Required Inventory Growth		2013	2014	2015	2016	2021	2026	2031	2036
Retirement (suites)			7,688	7,688	7,688	29,850	57,197	92,291	101,907
Long Term Care (beds)			22,301	7,434	7,434	28,056	53,729	88,492	97,202
		-	<b>29,989</b>	<b>15,122</b>	<b>15,122</b>	<b>57,906</b>	<b>110,926</b>	<b>180,783</b>	<b>199,109</b>

Source: Care Planning Partners Inc.